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ABSTRACT

This report provides information on the background against which the "Readers Digest" began to carry advertising in the United States, the implementation of the decision to do so, the evolution from accepting ads to selling space aggressively, and the performance of the magazine's advertising sales forces as of early 1972. The information provided on the "Reader's Digest's" policy change on accepting advertising is not based as much on research as it is on the personal experiences of the author, who worked as the advertising promotion director of the "Digest" from 1961 to 1966. While the outlook for mass circulation periodicals is viewed pessimistically by editors and publishers, the future of the "Reader's Digest" is considered by its publisher to be more secure. (RB)

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journalism monographs

NUMBER TWENTY-FIVE

JOHN W. GARBERSON

'A LIMITED NUMBER OF ADVERTISING PAGES'

NOVEMBER 1972

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JOHN W. GARBERSON

'A Limited Number of Advertising Pages'

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JOHN W. GARBERSON is a lecturer in the Department of Journalism at the University of Nevada, Reno. From 1961 to 1966 he was advertising promotion director of *Reader's Digest* in New York City; subsequently, through 1968, he was chairman and managing director of the *Digest* companies in Australia and New Zealand and a director of the Hong Kong company. Before joining the magazine he was vice-president and manager of the Detroit office of N. W. Ayer & Son, Inc. The present monograph is based in part on his journalism Master of Arts thesis at the University of Oregon.

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Preface

With its April, 1955, issue, *Reader's Digest* began to carry advertising in the United States. One unique circumstance was that the magazine, with no revenue at all except from readers, already had paid circulation in this country of 10,000,000—more by far than the circulation of any other magazine. Another unique circumstance arose out of the eclectic nature of the *Digest*: it went into advertising competition with other periodicals while at the same time depending on them for article reprint rights. Unprecedented, too, was the enormous demand for space when advertisers and their agencies learned, through a leak, that the *Digest* would "accept a limited number of advertising pages."

This report is an effort to provide some understanding of the background against which the *Digest* began to carry advertising in the United States, the implementation of the decision to do so, the evolution from "accepting" ads to selling space aggressively, and the performance of the magazine's advertising-sales forces as of early 1972.

The author asks indulgence for numerous autobiographical references. To give information and interpretations that are not on the record anywhere (and to establish his credibility as a witness), he finds it necessary to lean on personal experiences.

John W. Garberson
Reno, Nevada
May, 1972

Personal Glimpses

SHORTLY AFTER World War II, in Philadelphia, the managing editor of *The Saturday Evening Post* was addressing a meeting of that magazine's sales staff—the sort of pep talk magazine editors are called on to deliver now and then, giving their space salesmen inside editorial information with which to go out and mesmerize advertising prospects into thinking the magazine has an iron grip on its audience. As sales-meeting speeches go, Robert Fuoss's was frank.

Sure, he said, *Life* had become tough advertising competition for the *Post*, and things were going to get tougher. Network television would take off soon as the hot, new national advertising medium. That wasn't all. There was another magazine out there, called *Reader's Digest*. Readers liked it. Its circulation was millions more than either *Life's* or the *Post's* and millions more than the "circulation" of television even in the dreams of TV enthusiasts just after the war.[1]

"One of these days the *Digest* will start taking advertising," Fuoss continued. "When it does, you *Post* salesmen will wish you were back in the good old days when your stiffest competition was *Life*."[2]

It is not known whether the *Post's* seasoned salesmen left the meeting scared stiff or determined to try harder. What is known

[1] *Digest* circulation was not audited until 1955. At the time of the *Post* sales meeting it was around 8,000,000 in the United States.

[2] The phrasing is as the author recalls it. In 1946 and 1947 he was a promotion writer for *The Saturday Evening Post*. People in the national advertising and publishing businesses knew at the time that the *Post* was losing advertising revenue, especially to *Life*. But the *Post* was still very important in advertising and in mass communications generally. *Magazine Circulations and Rate Trends: 1940-1965*, published by the Association of National Advertisers, Inc., records that in 1947 *Life's* ABC U. S. paid circulation was 5,369,314; the *Post's*, 3,957,752.

is that a young promotion writer went out impressed by the potential of *Reader's Digest* as an advertising medium.

In the 1950s the author was serving an ulcerous term as Detroit manager of N. W. Ayer & Son, then one of the largest advertising agencies. He knew something was up when he received word that Warner Shelly, Ayer's president, and Harry Groome, its top planning strategist for the Plymouth account, were coming to Detroit from the home office in Philadelphia on a mission too secret to talk about over the phone. After Shelly and Groome were inside the author's office and the door was closed, Shelly revealed the secret: *Reader's Digest*—circulation believed to be 10,000,00 in the United States alone, with more readers by a wide margin than any other publication, enjoying the confidence of its readers to a degree without equal in publishing—would soon open its pages to a few selected advertisers.

Shelly had heard about this development a few days earlier and already had discussed it with the *Digest* editor and owner, DeWitt Wallace, "a great man." Shelly said chances were good that the Digest would let Plymouth (Ayer's largest account and the author's most important responsibility) have an ad in its first advertising issue. Ayer would have to hustle, though, to get copy written, approved and produced in time to make that inaugural advertising issue.

The Philadelphians stressed the secrecy of the intelligence they had brought. Memory does not bring back the details agreed on for writing and laying out an advertisement in the Digest's small page size, getting it approved and into the budget through at least three layers of Plymouth management, and proceeding with such things as the insertion order, art buying and production—all the while respecting the secrecy required.[3] There is a recollection, however, of going to see John P. Mansfield, Plymouth's president, for an umbrella OK on proceeding with the ad. Mansfield asked how much the space would cost. The author had no idea and said so.

Mansfield's response was something such as: "That's all right.

[3] The author cannot see now why secrecy *was* required. As he found out later, everybody who was anybody in advertising and publishing learned at about the same time Shelly did that the *Digest* had decided to take ads.

The *Digest* is a great magazine—I read it myself, and so does my wife. I can see the advantage of being in the first issue to have advertising in it, and I don't think they are the sort of people who would overcharge us. Hop to it."

A further personal experience contributed to a perspective which anyone must acquire if he wants to have much of a relationship with the *Digest*. In the spring of 1960 the author was job hunting. His interviews in New York City with Reginald T. Clough, advertising promotion director of *Reader's Digest* in the United States, went well; so did interviews at the next higher level with Fred D. Thompson, who was advertising director, among other things. A further hurdle to be got over was Albert L. Cole, who from his corner office in the *Digest*'s headquarters building in Chappaqua, New York, 40 miles north of Grand Central Station, commanded all of the company's non-editorial operations in the United States, reporting only to the owners. Cole closed the interview on an unexpected note:

"I think you would make a good man for us, and I'll say so to Reg and Fred. Of course Wally will want to talk with you before we go any farther."

The next day Thompson did what he could to prepare the applicant for meeting the man Cole had referred to as "Wally"—DeWitt Wallace. Thompson explained that no one could come to work for the *Digest* at a salary of more than $10,000 until Wallace had personally talked with and approved of him or her, adding that "Wally" was a kindly, shy man, not much of a talker, and that the interview probably would take only a few minutes. He advised the prospective employee to be on the alert for a particular sort of tip-off.

"If he pauses and then starts out by saying 'Oh, by the way,'" Thompson said, "look out. Chances are he is going to bring up next whatever he thinks is especially important, like asking you the only question that really interests him."

Wallace turned out to be tall, bony, a good-looking but not a particularly distinguished-looking man. He looked 60 rather than the 70 years of age he was known to be. He could have been a farmer dressed up in one of J. C. Penney's better suits. The interview was informal and quick: a few words about Wallace's home state, Minnesota, and the applicant's, Iowa;

small talk about N. W. Ayer; a polite inquiry about whether the applicant was married and had children. Then came the signal.

". . . Oh, by the way," he said after a brief pause, "of all the things you did while you were with Ayer, what is the one you handled best from Ayer's viewpoint—the one accomplishment you are now proudest of?"

The applicant tried desperately to seize on an impressive accomplishment. Conscious of having taken too much time, he finally blurted out that before resigning from Ayer in Detroit he had hired a good successor for himself, Dick O'Reilly. Wallace seemed disappointed as he stood up to show that the interview was over. He asked the applicant if he would mind getting in touch with Fred Thompson the next morning.

Next morning the applicant was hired. "Wally thought you would fit in," Thompson said.

'It Goes to Show What Can Happen if You Have a Good Idea'

Around the time of World War I, DeWitt Wallace conceived and began to develop his idea of "Thirty-one articles each month from leading magazines, each article of enduring value and interest, in condensed and compact form." He and his wife, the former Lila Bell Acheson, brought out Volume 1, Number 1 early in 1922. Ever since then the Wallaces have, for all practical purposes, privately owned the magazine and the other businesses which have grown up around it. Not only through this financial control but through his unassailable position inside and outside *RD* as the progenitor, the father figure, Wallace (no doubt with occasional wifely counsel) has made all of the basic decisions.[4] Wallace alone could say "yes" or "no" to the question of whether the *Digest* would begin to carry advertising after more than 33

[4] In a telephone conversation with the author on July 21, 1971, Wallace stated that he no longer makes all of the basic decisions. "Hobart Lewis, Harry Harper, Bun Mahoney and those fellows have been running the editorial department for more than ten years without any attention from me," he said. The present author believes nevertheless that Wallace has always run the show and still does—through his selection of every *Digest* executive with substantial authority.

adless years. In a search for the "feel" of the *Digest*'s opening its pages to advertisers, it seemed essential to interview Wallace.

The appointment was for 11:30 a.m., Monday, January 21, 1970, at the Sky Club in New York City. DeWitt Wallace arrived precisely on time, shook hands, asked how the plan to become a journalism teacher was going, and said that he had only a few minutes because of a luncheon engagement somewhere else in town.

As the former employee got out a pencil and some paper to take notes, Wallace said, rather testily, that he didn't want to be quoted on advertising. "You can get that from the advertising and accounting people. Were there other questions you had in mind?"

He was asked if in the mid-1950s he had any doubts whether it would be necessary to start taking advertising in the *Digest*.

"No, I guess not," he said. "Al [Albert L. Cole, general business manager] had some figures showing that the magazine in this country would lose around a million dollars a year—that must have been a projection for 1955 or 1956—unless we either started to take advertising or charged readers quite a lot more per copy. Oh, I suppose we could have cut back on salaries and so on, but I just wasn't going to do that. We had done a survey of whether readers would rather have ads in the magazine or pay more for it, and almost all of them—nine out of ten, I think—said they would rather have the advertising.[5] That didn't surprise me. I've always thought a magazine with ads in it—good ads—is better from the reader's viewpoint than it would be if the ads weren't there. Readers get a lot of valuable information out of ads. Certainly the *Digest* is a better buy for readers now than it would be if we had never taken advertising . . . if we had decided to do something else about the problem Al was talking about. Ads made the magazine more colorful and thicker,

[5] This survey, which was conducted by mail in May, 1954, went to a sample of Digest subscribers, asking whether they would rather pay 25¢ a copy for the magazine with ads or 35¢ without ads. Of the 761 valid responses received, 80, or 10 per cent, said they would prefer to pay 35¢ without ads; 681, or 90 per cent, said they would prefer it the other way, 25¢ with ads. Information was provided by John F. Maloney, *Digest* research director in the 1950s.

and, you might say, just about forced us into using a better grade of paper. The ads have resulted in our running a lot more editorial than we used to, too. I suppose the main reason I was ready to take advertising was that I could see it would give us income to make the magazine better and to promote it and keep the circulation going up."

Wallace was asked if the prospect of a big loss disappeared as soon as ads began to come in.

"Not right away, I suppose. We made some mistakes. We had some learning to do. We found out that in the advertising business you have to go out and sell very aggressively if you hope to do well, no matter how many advantages you've got over the other people. Some of us who had never been anything but editors may have been slow to grasp that.

"You know, though, we have never had any serious financial problem around the *Digest* since that first year or so. Lila and I really worked. Looking back, it seems to me that it is a miracle we survived, physically and financially.

"I'm sorry. I'm not giving you anything that would be helpful in your article. Here is a rather interesting thing, though: I don't think I have mentioned it before to anyone who was going to write anything. One of the unusual things about the *Digest*, when you compare it to most of the other magazine publishing companies, is that the others went out and borrowed great sums of money in order to get started or expand. Or then sold most of their business by issuing stock.[6] We didn't.

"In December of 1921, it must have been, Lila and I borrowed well under $5,000 from my father and brother because we didn't have enough savings left to pay for some promotional mailings—trying to get subscribers for the first issue. Money began to come in from subscribers, and within a few months we paid back my father and brother. We have never had to dilute the ownership."

The point was made that there was another major difference between the *Digest* and most other large magazines. The *Digest*

[6] Robert T. Elson, *Time Inc.* (New York: Atheneum, 1968), p. 14, notes that at the time of its incorporation in 1922 *Time* had 70 shareholders. Forty-six were Yale men, including 14 classmates of *Time's* founders.

did not accept alcoholic-beverage or tobacco advertising. Perhaps revenue from such sources would be sought in the future?

"No," Wallace said. "Ads are to get people to try new ideas, new things, and I don't think the magazine should be in such a position where liquor and cigarettes are concerned. I don't have anything against drinking or smoking, but I don't want to feel that we are taking an active part in introducing millions of people to them. Another thing, I have known a lot of writers and other people with drinking problems. Some of them have told me that nothing makes them want a drink of liquor–a drink they shouldn't have–as much as seeing how delicious a high-ball or a martini looks in an ad. We won't be involved in that. Another reason is that it is not good copy. It isn't interesting."

Wallace's attention was called to an article in the current issue of *New York*, a relatively new magazine highly regarded at the time in the advertising community. The article dealt especially with problems at *Life* beginning with this paragraph:

> "It used to be enough," Ralph Graves is saying as he drops two ice cubes into a glass. "All we had to do was run a nice picture of a rhinoceros with a caption that read: 'This is a rhinoceros. He is running from left to right.' And people would be thrilled to pieces." He fills the glass almost to the brim with Smirnoff's and adds a thin layer of vermouth. Ralph Graves, managing editor of *Life* magazine, smiles, mixes his respectably late-in-the-afternoon drink with an index finger, then finishes his reflection as you thought he might. "It isn't enough anymore."[7]

The five-page article went on to report that Time, Inc., publisher of *Life*, *Time*, *Sports Illustrated* and *Fortune*, had suffered a 40 per cent decline in earnings the previous year. *Life* advertising revenues had dropped substantially. James J. McCaffery, chairman of the LaRoche, McCaffery and McCall advertising (with clients including J. C. Penney, Hiram Walker and Charles Pfizer), was quoted as saying, "I believe broad-spectrum magazines are on their way out." The media director of Wells, Rich, Greene (American Motors, Benson and Hedges, Royal Crown

[7] Paul Wilkes, "See the Rhinoceros Running Left to Right," *New York* (January 12, 1970), p. 25.

Cola) was quoted further: "It's print that is in trouble—not just *Life*."[8]

New York's writer observed also that:

> *Life* is by no means the only mass-circulation magazine to know big trouble. *Collier's* ceased publication in 1957. *The Saturday Evening Post* died just a year ago. The earning trend at *Reader's Digest* is down. Informed observers doubt that *Look*, owned by Cowles Communications, Inc., can be even marginally profitable today. *McCall's* has been losing money.[9]

Wallace was asked whether prospects for the *Digest* looked all that glommy.

"I don't see any need to worry," he replied. "The need is just to work hard and efficiently, as it always has been. Readers like our magazine: circulation keeps growing. A lot of good companies invest in advertising with us. I don't know where that fellow got his information, but it's wrong. Profits are good, and certainly not on a downward trend or whatever it was he wrote."

Almost as if he were talking to himself, he added: "The *Digest* just keeps sailing along. It goes to show what can happen if you have a good idea."

He had been glancing at his wrist watch. On the way out of the Sky Club the man who would not let tobacco advertising into *Reader's Digest* took one cigarette out of a silver box on the *maitre d'*s desk and slipped it quickly and carefully into the breast pocket of his suit coat.

[8] *Ibid.*, p. 27.

[9] Ibid., pp. 25, 27. *Collier's* actually folded in 1956. *Look* died in 1971.

'By the Way, Al'

GOING INTO the advertising business was, of course, more complicated than Wallace indicated in the interview above. The key man, because of his understanding of the advertising side of magazine publishing, was Wallace's general business manager, Albert L. Cole, whose experience went back to selling space for *McClure's* in Chicago in the 1920s and including being president of *Popular Science* in New York City in the 1930s. Having been a part-time circulation and business consultant to the *Digest* since 1932, Cole joined the organization full-time in 1939. He had the circulation, mail-order selling, production, accounting and—when the time came—advertising space-sales staffs reporting to him.[1]

In January, 1970, at Cole's club (Round Hill) in Greenwich, he was asked what seemed significant to him, in retrospect, about events leading up to *Digest* acceptance of advertising in the United States.

"It was a matter of economics. We either had to start taking ads or the magazine would lose a million dollars a year. It was that simple. There may have been a possibility of getting readers to pay more for the magazine, postponing the necessity of advertising revenue for a while, but we did some research that certainly didn't give us any encouragement in that direction. Besides—and I was the fellow who was supposed to know something about circulation—we were already charging $3 a year and 25 cents a copy for the magazine, and I was absolutely sure that if we increased the price to readers, circulation would drop. I was nuts, but you never know that at the time."[2]

How long had the acceptance of advertising been under consideration before the decision to go ahead was made?

[1] The author as a *Digest* employee had many business and personal contacts with Cole.

[2] By 1972, cover price was 60 cents; subscription rate, $4.97 a year.

"The first time I suggested taking ads to Wally was at lunch one day—it may have been 1940, and it was at what is now the Mount Kisco Golf Club—with Wally and Ken Payne [the managing editor]. We didn't especially need more revenue in those days, with costs so much lower, but I did mention that a lot of companies would find advertising in the *Digest* an awfully good investment, and I was pretty sure we could get away with it as far as the other magazines were concerned.[3]

"Wally didn't really respond to my comment then as far as the U. S. magazine was concerned. It wasn't until around 1953 and 1954 that we began to talk a lot more about the problem of rising editorial and printing and distribution costs in this country, and about how income might be increased enough so the magazine would be profitable. I suppose we discussed the problem off and on for two years, probably from the middle of 1953 until the early fall of 1954. By that time some of us were pretty sure that taking advertising . . . was inevitable and that it would be good. I think Wally knew it, too. But we couldn't get him to say 'yes.' Or 'no,' for that matter.

"One day—it must have been around the start of November in 1954—Wally and a few of the rest of us were in his office talking about various things, not advertising, as I remember. Sort of out of the blue, Wally said: 'By the way, Al, if you still think we ought to take advertising, I suppose the first thing we should do is tell the other magazines.'"

Telling the Other Magazines

Not only at the time of the advertising decision but before that and ever since, the *Digest* has paid other magazines substantial amounts for rights to republish selected material—"reprint rights." With magazines not expected to provide many articles reprintable by *Digest* standards, payments have been made on an individual-article basis. With magazines likely to publish a number of reprintable articles, and especially with large publishing houses putting out several magazines, there usually have been contracts

[3] He was referring to the question of *Digest* editorial relationships. If the *Digest* were to become an advertising competitor, would other magazines withdraw reprint rights?

Beginning with the March 1955 issue

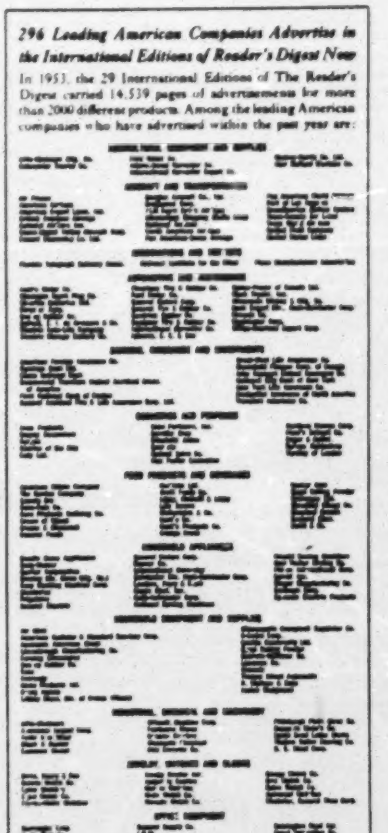
The Reader's Digest Will Accept a Limited Number of Advertising Pages

BEST COPY AVAILABLE

A limited number of advertising pages will be accepted by the U. S. Edition of The Reader's Digest beginning with the issue of March 1955. Through these pages, advertisers will reach the greatest single magazine audience in the world—a *circulation* of more than 10 million per issue in the United States alone.

296 Leading American Companies Advertise in the International Editions of Reader's Digest Now

In 1953, the 29 International Editions of The Reader's Digest carried 14,539 pages of advertisements for more than 2000 different products. Among the leading American companies who have advertised within the past year are:



If contracts for the U. S. Edition are offered for more space than can be printed during the first year, companies who are already advertising in other editions of The Reader's Digest will receive preference.

The reason for this decision

Since the end of the war the cost of producing The Reader's Digest has almost doubled. Yet the price of the magazine to its readers (25c a copy or $3.00 a year) remains exactly as it was when the Digest was founded in 1922.

With circulation expanding continuously it has been possible until recently to spread fixed costs over a large number of copies. But there is a limit to such savings. When circulation passes 10 million, added volume makes no perceptible difference in unit costs. Now the Digest must raise its price unless additional income is secured from some other source. The obvious source of additional income is advertising.

Readers were asked to give us their opinions

Several months ago specially printed copies of The Reader's Digest including advertising were delivered with the regular edition (containing no advertising) to a large and representative group of subscribers. An independent research company then asked them whether in the future they would rather receive The Reader's Digest for 25c with the advertising included, or continue to receive the magazine as it is now (without advertising) at 35c a copy.

More than 80% replied that they would rather have The Reader's Digest at the present price WITH advertising. "Ads," said one woman, "tell about things I want to know about." Another said, "I hope you will carry ads. I know advertisements in The Reader's Digest would be limited to those of good products made by good companies."

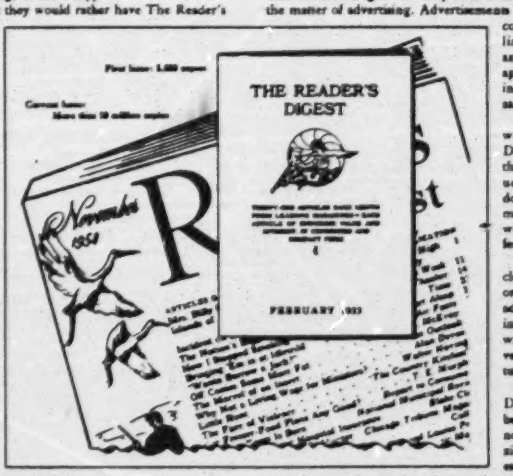
The editors believe that acceptance of advertising will provide an exciting opportunity to further expand the magazine's influence and scope.

Readers have faith in The Reader's Digest

In almost 33 years of publication there has developed between the Digest and its readers a relationship unique in magazine history. Proof of this is the millions of subscribers who renew their subscriptions year after year; the millions of letters that come to the editors; the millions of reprints of individual articles ordered by readers and then passed along to others; the millions of gift subscriptions—a number incomparably greater than for any other magazine. When new products are described in the "consumer reports" that are a regular feature of The Reader's Digest, readers express their faith by BUYING these products—again in the millions. After The Reader's Digest called a new product named Adolph's Meat Tenderizer to the attention of its readers, the president of the company wrote the editors:

> "What happens to a product when it wins the blessing of Reader's Digest could never be imagined by a person who hasn't been exposed to the experience first-hand. On publication day the phone calls started building up to a continual block of our switchboard with long distance calls. Wires and cables came at a rate of 250 a day and Western Union asked that we put in a direct line. Mail came by the bag, averaging over 10,000 pieces a day. Counting to date, approximately 2 million. The incredible force of that article stepped up the pace of sales 4,000 per cent over night. It seems impossible that a 3-page article in one magazine could single-handedly transform our little business into the prosperous company it is today. Such loyalty of readership comes only from many years of giving an interesting, wholesome reading menu in a simple honest manner."

If you are a reader of the Digest, we believe you will agree that no other magazine provides you with so much personally helpful and applicable information. That perhaps is why The Reader's Digest appeals to more people, regardless of language, nationality or tradition than any other magazine in the world.



How it all began

This kind of acceptance cannot be achieved over-night. The history of the Digest goes back to a period immediately after the first World War when its founders, DeWitt and Lilla Wallace—who are still its editors and publishers—launched a monthly magazine small enough to fit into a man's pocket or a woman's handbag, condensing articles of "enduring value and interest" from leading magazines and books.

The 5,000 copies of the initial issue grew with succeeding issues to a hundred thousand—a million—ten million. Today The Reader's Digest is published in 12 languages. It is bought each month by more than 17½ million people in 58 countries; its readers number more than 50 million.

In the United States alone almost twice as many people buy the Digest as any other magazine. Every piece of magazine research we have seen, whether made by The Reader's Digest or other publishers, shows that no publication is read so consistently and so thoroughly by people of means, education and influence.

Digest readers will have faith in its advertising pages

The Reader's Digest will keep faith to the fullest with its readers in the matter of advertising. Advertisements will be accepted only from companies of established reliability. Copy and appearance will be subject to Digest approval, and every advertising claim must be substantiated to the editors' satisfaction.

Acceptance of advertising will make no change in Digest editorial policy. When the Digest mentions a product by name (and it often does), the company which makes or sells that product will not be authorized to refer to this in advertising.

When a Digest article includes criticism of a product or kind of product, interested advertisers will be informed in advance. Any advertiser who wishes to withdraw advertising will have the opportunity to do so.

Because The Reader's Digest with advertising will be printed on coated paper not now used in the magazine, and because more presses are required to print on coated paper, the number of advertisements that can be accepted for the first twelve issues beginning with March 1955 will be limited to an average of 32 pages. Only full-page advertisements and two-page spreads will be accepted. No more than two pages per issue will be sold to any one advertiser. Advertisers will have their choice of full color, two-color, black-and-white, bleed or non-bleed pages. For the first year, advertising in The Reader's Digest will be 16% of the total pages, and in the second year to not more than a third of the total pages. All advertising pages will be in addition to the present 168 pages of editorial material. As soon as new presses are available more advertising will be accepted.

The editors of The Reader's Digest are confident that the qualities which have made this magazine indispensable to 50 million readers will make it equally indispensable to American advertisers.

The Reader's Digest pledges its earnest and continuing effort to justify the faith of both readers and advertisers by producing each month a still more informative and more stimulating magazine.

People have faith in

The Reader's Digest

ADVERTISING RATES AND CONDITIONS

The Reader's Digest welcomes the advertising of products and services of accepted reliability. Copy and appearance will be subject to the approval of Digest editors. Alcoholic beverage advertising will not be accepted.

The handy Digest page-size makes possible space rates and plate costs that compare most favorably with those of other magazines. Pertinent information for advertisers follows:

1. Circulation Guarantee: Rates for U. S. Edition based on average net paid circulation in excess of 10 million copies per issue for the 16 months March through December, 1955.

2. Space Units Offered: Full pages and two-page spreads, black and white, black and one color, four colors, bleed or non-bleed.

3. Rates:

	U. S. Edition (circulation, 10 million): One-page		Two-page spreads	
	Cost	Per 1000 circulation	Cost	Per 1000 circulation
Black-and-white	$19,500	$2.05	$42,500	$4.25
Black-and-one color	18,500	2.65	36,500	4.65
Four colors	29,750	2.97	55,500	5.55

Page rates for Worldwide Edition (circulation, 17½ million): black-and-white, $49,500; black-and-one color, $47,500; four colors, $69,750.

Bleed: 10%

4. Issues Effective: March 1955 through December 1955.

5. Closing Dates: First of the month, two months before date of issue. Example: March issue closes January 1st.

6. Mechanical Specifications: Advertising will be printed on machine-coated paper by letterpress. Complete plate specifications will be supplied on request. Color advertisers will be interested in the newly developed technique whereby four color plates made for Reader's Digest may be converted to 600 line pages—at cost saving—at less than one-third the cost of new engravings.

7. Agency Commissions: 15% of gross. Cash discount, 2%.

and blanket fees covering anything and everything (or nothing) the *Digest* might decide to pick up over a prescribed period.

One reference to this foggy area (which no one at *RD* is willing to talk about in detail) is found in comments made in 1969 by Robert Fuoss, who had been managing editor of *The Saturday Evening Post* when the *Digest* decided to take advertising:

> The acceptance of advertising by the Digest was the culmination of a publishing problem that had engendered bitter dispute in a good many publishing houses, certainly including Curtis [the Curtis Publishing Company, publisher in the 1950s not only of the *Post* but of *Ladies' Home Journal, Country Gentlemen, Holiday* and *Jack and Jill*]. Most magazine editors felt it folly to permit *Digest* use of editorial material—suspecting that ultimately the *Digest* would be forced to go to the advertising route and wondering why we should create competition. Certainly no single publisher could have stemmed the *Digest* tide, but it is an open question as to what might have happened if all major publishers had refused to grant *Digest* rights.
>
> Bruce Gould [who with his wife, Beatrice, edited *Ladies' Home Journal*] and I espoused this proposition as early as 1938. Had we been able to sell our own people, I suspect we would have found allies in most major publishing houses.
>
> At that point, the *Digest* was paying Curtis something less than $100,000 a year [for reprint rights]. By the late '50s the *Digest* was subtracting traceable millions in Curtis advertising revenue.
>
> And life was a little tough for a Curtis advertising space salesman. He could hardly attack the *Digest* on editorial grounds since we were the largest single source of *Digest* copy.[4]

Such concern was not limited to Fuoss and Gould. Nor was it new, nor oriented exclusively to the threat of the *Digest's* becoming a competitive advertising medium. As Peterson has written:

> At first the *Digest* easily obtained permission to reprint articles from other publications without payment since the magazines were gratified by the publicity and since Wallace was no competitor for advertising. After a few years, however, some editors began viewing the *Digest* as a parasite which fed on their copy and ate into their circulation. Wallace, with the help of Kenneth W. Payne (who became *Digest* managing editor), then on the staff of the *North*

[4] Letter to author, February 13, 1969.

American Review, convinced editors that the *Digest* actually stimulated magazine reading.

But when imitators started to pester editors for permission to reprint and even began to reprint without permission, Wallace evidently realized that the whole idea of the digest magazine was highly vulnerable. What if editors of the leading magazines should deny him reprint rights?

His fears were partly justified, then and later. The Hearst magazines, Crowell-Collier, and Curtis all refused to enter into reprint agreements with him. Although Crowell-Collier and Curtis later signed contracts, Curtis would not renew its agreement in 1938 and closed its magazines as a source of copy to him until 1943. The *New Yorker*, after a five-year arrangement under which the *Digest* had used its material, broke off relations in 1944.

In the early thirties, Wallace set about assuring the *Digest* a steady flow of material. As the *Digest* was both the leader and the most affluent of the reprint magazines, he was able to get exclusive rights to reprint from most of the magazines that he approached. The rates Wallace paid magazines for using their articles rose steadily. In the early days, it was perhaps $100 an article. In 1933 Wallace reportedly paid a top price of about $10,000 for use of material in a magazine over a three-year period. . . .

As insurance against boycott by his source magazines, Wallace began to run original articles in the *Digest* in 1933. Another reason for this fundamental change in policy, Wallace had said, was that he could not find enough articles of lasting interest and the wide variety he desired to fill the magazine. The *Digest* ran fifteen original articles in 1933. . . .[5]

Having decided that the *Digest* would take advertising and that the first order of business thereafter would be to "tell the other magazines," Wallace gave to Cole the assignment of carrying the message. On the two occasions when the author has tried specifically to get Cole to explain exactly how he went about it, he promptly changed the subject. There is reason to believe, however, that part of Cole's procedure was to announce, to the *Digest*'s largest magazine contemporaries, the doubling of whatever rate the *Digest* had been paying them for reprint

[5] Theodore Peterson, *Magazines of the Twentieth Century* (Urbana: University of Illinois, 1956), pp. 214-15.

rights—along with revealing that the *Digest* was about to take advertising.

Cole does not confirm, either, the strategy Wallace and he, or he alone, employed in determining the sequence in which other publishers would be told that there was soon to be another advertising competitor in the field. Nevertheless it is known that: 1) Curtis and Time, Inc., were the first publishers Cole went to see; 2) their magazines were the most important sources of *Digest* reprints; 3) if those two very large companies could be made to fall into line, strong resistance from other magazines was not likely; 4) Curtis was hungry—beginning its long slide into hopeless financial straits—so that *Digest* reprint payments were significant; 5) on a Friday morning, in Philadelphia, Cole made a deal with Walter D. Fuller, chairman of Curtis, providing that the *Digest* would continue to have reprint rights for all Curtis magazines even though the *Digest* would go into the advertising business, and 6) on the afternoon of that same Friday, in New York City, Cole achieved a new reprint agreement covering all Time, Inc. magazines. (Cole dealt with Roy E. Larsen, president of both *Life* and *Time*, Andrew Heiskell, publisher of *Life*, and James Linen, publisher of *Time*.)

Students of the industry-wide power play are invited to consider Cole's maneuver in conquering first the ailing giant, Curtis, and then going to Time, Inc., a few hours later with information that Curtis had come along, and then—with Curtis and Time, Inc., in his pocket—proceeding to the relatively routine task of signing up all of the other magazines with which reprint agreements were desired. "We've got a new proposition for you now that we are going to take advertising, Charlie [or whatever the name of the magazine's decision-maker]. The folks at Curtis and Time have already agreed to the way we're doing it, and . . ."

There is no record of any magazine's refusing to extend its reprint agreement with the *Digest*, or to make a new agreement, when Cole made the rounds telling them that the magazine he represented was soon to be an advertising medium.

The Promotion Ad That Never Ran

The man Cole tapped (after clearance with Wallace) in

November, 1954, to be advertising sales director was Fred D. Thompson, Jr., 40 years old, a veteran of 16 years in the magazine's circulation and international departments, former managing director of the *Digest* in Canada, knowledgeable in circulation, printing production and publishing management generally, at home in many parts of the world, but not a person with specialized credentials in selling advertising space.[6] As he said recently, "Madison Avenue was virgin territory to me."

One of Thompson's first advertising assignments from Cole was to get a promotion announcement ad written and published. "We wanted to put our whole story before all the important advertisers and agencies at the same time," Thompson recalls. "We didn't want any of them to be able to say, later, that we had given the jump to a few favorites. We had in mind answering the main questions before they had to be asked. And we felt it was terribly important to keep the decision to take ads a secret until the promotion ad came out. Hell, we weren't ready to take ads. We didn't even have our space rates set for certain."

Afraid that any printer in the New York City metropolitan area might have friends in the advertising business, Thompson and Ed Robinson, a copywriter and vice-president of the *Digest*'s own agency, the J. Walter Thompson Company, had their copy set in type on a weekend at the Kurt Volk commercial printing shop in Bridgeport, Connecticut.

"Security we had as far at the ad was concerned," Thompson recalled later. "The only thing was that by the time I got to the office Monday morning, the phone was ringing off the wall, and the callers were advertising agents wanting to place contracts

[6] During and immediately after World War II Thompson traveled abroad extensively, helping to set up special *Digest* editions for U. S. armed forces overseas; in a number of cases, such editions became "international editions" of the Digest after the war. It is noted that this whole operation, which had active support of the U. S. Office of War Information, would not have been a stupid way for the *Digest* to "go international" with the magazine. Today circulation outside the United States is about 12,000,000 altogether. The 41 different editions abroad appear in thirteen languages and circulate chiefly in Canada, Mexico, Venezuela, Brazil, Argentina, Chile, South Africa, Italy, Portugal, Spain, France, Switzerland, West Germany, the British Isles, Holland, Belgium, Norway, Sweden, Denmark, Finland, India, Australia, New Zealand, Hong Kong, the Philippines, Taiwan and Japan.

for space. The news had leaked in New York over the weekend while Ed and I were in Bridgeport harboring the secret."

By that Monday night in November, 1954, Cole and Thompson had orders for more advertising than the Digest could run in the predictable future, with additional orders coming in at a wholly unbelievable rate.

"There no longer seemed to be any point in running our 'promotion' announcement on policies and procedures when we already had more business than we could handle and when we already had failed in our hope of getting the news to everyone at the same time," Thompson says. And so the Thompson-Robinson copy was never published. A proof, reduced from standard newspaper full-page size, is reproduced at center fold.

Incidentally, the proof has several factual and typographical errors (which undoubtedly would have been corrected if the ad had gone on to publication). "Beginning with the March 1955 issue" would have said "April," of course, after the schedule was changed. It may be hoped that "Lilla," in the first paragraph of the text in the right-hand column, would have become "Lila" and that half way down in the same column, a medium about to enter the milieu of the advertiser would not have spelled it "advertizer."

There are yet other bits of misinformation in "the ad that never ran": each of the rates (in the box at the bottom of the page) became higher than those shown—$2,000 higher, or $26,500 for a black-and-white page, for example.

"I had no authority to do it, and afterward I was surprised to realize that I had, but around the end of 1954 I decided on my own that the rates we had put in the promotion ad were too low," Thompson recalls. "When I put out the actual rate card for 1955, I just hauled off and added a couple of thousand to the black-and-white page rate and raised the other units proportionately."

It would be interesting to calculate how much has been contributed to total advertising revenues by that unauthorized $2,000 boost, compounded by all of the magazine's rate increases in subsequent years and multiplied by the thousands of advertising pages the *Digest* has carried since its first advertising issue.

'A Very Nice Madhouse'

WHEN THE NEWS leaked out that the *Digest* had decided to take advertising, Wallace, Cole and Thompson ("anybody who would answer the phone," according to Thompson) were swamped with calls. The calls fell into two classifications: those from people who wanted to buy advertising, and those from people who wanted jobs.

With regard to the first, Wood has reported that:

> Within two weeks [of the time space availability became generally known by major advertising agencies] the Digest had received orders for 1107 pages of advertising, almost three times the number of pages it could accept for the entire first year. Before any issue of the Digest containing advertising appeared, orders for eleven million dollars in space had been placed.[1]

One difficulty was that demands for space began to come in before Cole and Thompson were ready to deal with them. Space rates, for example, had not been set exactly. "Fred and I tried to hide until our ground rules were firm, but we couldn't; the whole thing was a madhouse for a while—a very nice madhouse," Cole recalls. Wood provides one account:

> One New York advertising agency executive rushed through an order for twelve full-color pages. A little later he called back to ask, "By the way, what's the price on that? . . .
>
> Another advertising agency head tried and tried to reach the busy Cole. Finally he left a message: "If you won't come to me, I'll come to you. Just tell me where."
>
> Cole and Thompson met him in New York for a five o'clock appointment. He was surrounded by other agency executives. "You the advertising manager?" he demanded of Thompson. "Then I guess you get these." He handed Thompson a thick stack of orders.

[1] James Playsted Wood, *Of Lasting Interest*, rev. ed., (New York: Doubleday, 1967), p. 227.

The new advertising manager read only the top few—an order for twenty-four pages for an insurance company, another for twenty-four pages for a food advertiser. . . .[2]

Tebbel makes the same point: "The pressure from agencies to place ads in the magazine with the world's highest circulation was the greatest ever known in periodical history."[3]

Mrs. Jean Wales, Thompson's secretary when the flood came, was asked to see if her files still contained any interesting material bearing on the early advertising days (they did not). "The first thing that comes to mind is that Mr. Thompson and Mr. Cole were awfully busy," she said. "It was a hectic time. The hardest job seemed to be saying 'no'—well, 'no, thanks'—to people whose ads the *Digest* simply could not take."[4]

"Accepting" Advertising

RD's original position (which is to say DeWitt Wallace's original position) on carrying ads is implicit in the way the matter was introduced to readers. In the first issue with ads, that of April, 1955, the inside front cover gave this explanation:

> Ever since its first issue 34 years ago the price of The Reader's Digest has been 25 cents a copy, $3 a year. During that long period the cost of producing the magazine, like the cost of living for all of us, has greatly increased. To continue giving its readers the same high quality of reading matter, the Digest was faced with the inevitable choice of raising the price of the magazine or accepting a limited amount of advertising.
>
> The Editors felt that the readers themselves should make the decision. Accordingly, polls were taken of representative subscribers in all parts of the country. The results showed that 80 per cent preferred that the increased production costs be met by the sale of advertising, rather than by raising the price.
>
> The response from advertisers reflected unusual faith in The Reader's Digest. Within two weeks after the decision was made, orders were received for 1107 pages of advertising—more than three times the number that will be published during the first year.

[2] *Ibid.*, p. 226.

[3] John Tebbel, *The American Magazine: A Compact History* (New York: Hawthorn Books, 1969), p. 226.

[4] Personal telephone call in April, 1971.

Significantly, this total did not include any advertising of alcoholic beverages, tobacco or medical remedies. Such advertising will not in any case be accepted.

It is unnecessary to state that Digest editorial policy will remain unchanged. The same unprejudiced and uninfluenced reports of the world we live in will be found in these pages each month. Moreover, because of the additional revenue, it will now become possible for the Editors to give readers more for their money than ever before. The price of the magazine remains what it was in 1922—25 cents a copy, $3 a year.

Aside from the ban on advertising for alcoholic beverages, tobacco and medical remedies, there were other limitations.[5] Not more than 32 pages of ads would be accepted for any one issue. For a time, the only space unit to be had was a full page.[6] No advertiser could have more than twelve pages in one year. There would be no discounts for volume or frequency.[7]

The Start of a Sales Organization

Another problem was that Cole couldn't spend all of his time on advertising and Thompson obviously couldn't do the ad-

[5] To this day the magazine does not accept alcoholic-beverage or tobacco advertising—something to conjure with when one realizes that in 1970, for example, *Life* had alcoholic-beverage advertising revenue of $19,434,577 and tobacco and tobacco-products advertising revenue of $15,719,602, according to the Publishers' Information Bureau, 1970 Report. On the other hand, the *Digest* has not stayed with its prohibition of medical-remedy ads. A recent issue carried ads for asthma remedies, a "solution for eye pollution," a product offering relief from psoriasis, a product offering relief from hemorrhoids, "safe sleep" capsules, denture cleansers and adhesives, skin care creams and an antiperspirant.

[6] This temporary dictum is traceable to a feeling of Wallace's that no one advertiser should be permitted to dominate the magazine—for example by having six or eight consecutive pages. It was discarded when one full-page advertiser cancelled out of the April, 1955, issue after closing date. Rather than drop below the total of 32 pages of advertising scheduled for that issue, General Mills was permitted to enlarge into a two-page spread the single page to which it had previously been limited. After that, such spreads were admissible.

[7] The feeling was that offering volume and/or frequency discounts would be meaningless, since no advertiser could be assured of getting enough space or frequency to earn discounts.

vertising job single handed. There would need to be sales offices at least in New York, Detroit, Chicago and somewhere on the West Coast, and they would have to be staffed.

Thompson was inundated with applications from job-seekers, especially for about six months beginning around the end of 1954, when it became widely known in the business that the *Digest* would open its pages to advertisers. Most applicants already were successful advertising salesmen: they wanted to leave whatever medium they were representing and come to work for the one with 10,000,000 circulation. Booz, Allen and Hamilton, the business consultant firm, was retained to keep an eye out for especially promising sales manpower. Thompson himself circulated as much as he could in the advertising communities of New York, Detroit and Chicago, getting the names of space salesmen who were regarded as outstanding in each place. The first salesman hired (after passing the scrutiny not only of Thompson and Cole but, of course, Wallace) included one or two who came looking for a job on their own together with, as Thompson recalls, one or two ferreted out by Booz, Allen and one or two located by Thompson.

Among the first to be hired was a man who would be of more than passing importance in the future *Digest* advertising story, Charles D. Hepler. Hepler was the Detroit advertising manager of *U. S. News and World Report* when Thompson offered him the post of Detroit advertising sales manager for the *Digest*.[8]

One day a Booz, Allen executive, Robert Wescott, called Thompson with the name of a promising candidate whom Thompson perhaps should interview. The man's name was Sulzburger, age 28, family very important at the New York

[8] The author knew Hepler from the other side in those days—the mid-1950s. Hepler was generally regarded as the best space salesman in Detroit, with a special talent for making a sales call, presenting pertinent information about the medium he represented, and then getting out. A Plymouth ad for which the author had been responsible appeared in the *Digest*'s inaugural advertising issue; perhaps in recognition of that, Hepler invited the author for a game of golf at his club. The other member of the threesome was Hepler's young assistant, who had left the *Wall Street Journal* to join the *Digest*'s Detroit sales staff. His name was Dick McLoughlin, and he, too, figures further in this study.

Times. According to Wescott, this bright young chap had decided that he didn't want to cast his future in anything so dull as the family business; he thought a career with the *Digest* might be more satisfying. He looked, Wescott said, as if he might make a topnotch member of Thompson's sales staff.

Thompson declined to take the time to see the young man. The same Sulzberger (Arthur Ochs, "Punch") is now president of the New York *Times*. And Thompson, who left the *Digest* in 1969 and later became president of *Family Circle*, works for him as head of the *Times* magazine division, the *Times* having bought *Family Circle* from Cowles Communications in 1970.

From 'Accepting' to Selling

ALTHOUGH THE *Digest* appeared at first to be enjoying the strongest sellers' market in the history of the media business, the situation did not remain that way for long. America's advertising decision-makers did not *like* being told—even by decree of DeWitt Wallace—that they could advertise only at the pleasure of the medium. Limited to twelve pages a year by the magazine's policy, barred if an insertion came in after the maximum of 32 pages had already been accepted for a given issue, "not acceptable" if the product were an alcoholic beverage, tobacco or medical remedy? Not only advertiser executives but the top people in their agencies came close to staging a buyers' boycott in 1955.

The "maximum" average of 32 pages was not maintained that year. There were 32-page issues, 28-pages, even a 24-page issue. Total revenue for the year was substantial, but it was not as much as had been counted on. And 1956 was not a runaway success either, with advertising revenue satisfactory in some issues and bad in others.[1]

"It wasn't what we wanted, which was a steady, oversold situation and consistent representation of the biggest and best advertisers in the country," Thompson says.

New printing facilities capable of producing more advertising and editorial pages were in use by 1956, and at about the same time there was a shift in policy. From the original notion that the *Digest* would "accept a limited number of advertising pages," a new concept began to evolve at the urging of Thompson and Cole.

Members of Thompson's staff would no longer serve principally as hand-holders for advertiser and agency executives who were

[1] Annual net advertising revenues, 1955 through 1970, are tabulated below (p. 27).

either irritated or furious because *Digest* space had been "rationed" to them.[2] There would be a *sales* department.

Going After the Business

There was no one point in time at which the policy changed from "accepting" to "aggressive selling." The transition was gradual. Wallace and Cole played important parts in the change, authorizing it, encouraging it, deciding policy questions.

But the man most specifically responsible, the advertising director for ten years ending in 1965, was Fred Thompson. Under his personal supervision and leadership the sales department expanded into an organization with 31 salesmen working out of offices in ten cities. Reginald T. Clough, former editor and publisher of *Tide*, the advertising magazine, and before that the business editor of *Time*, was brought in as advertising promotion director. Advertising research and merchandising sections were set up under Clough.

Thompson did a great deal to set the course and tone of selling and promotion through his years in charge. His theme was that "people have faith in *Reader's Digest*"—and that that faith carries over to advertising in the magazine.[3] Speaking from personal experience, the author can testify that rarely was a promotion ad or mailing permitted to appear without the logotype kicker, "People Have Faith . . ."

At the end of 1965 Thompson moved out of advertising and back into international operations, first as chairman and managing director of *Digest* interests in Australia and New Zealand (in which position the author would presently succeed him) and later as director of all *Digest* businesses in the Pacific and Asia.

[2] Both Cole and Thompson have told the author what they would do rather than "ration" space if they ever were to find themselves again in a seller's-market situation such as the *Digest*'s in 1955: forget rationing; *raise the rates.*

[3] At the drop of a media director's hat he would explain where he concluded that "faith" was the Digest's best space-selling theme: while he was managing director in Canada he was out on a market-research study in which people were being interviewed to see what they thought of the Canadian *Digest*. Thompson observed that an impressive percentage answered that they had faith in what they read in it.

Charles D. Hepler, who in 1961 had been brought to the New York headquarters from Detroit, replaced Thompson as advertising director, and the transition toward more aggressive selling continued. Selling also—in the author's view—began to take on more Madison Avenue polish.

Under Hepler, to whom Wallace presently gave the title of "publisher,"[4] advertising sales for the United States edition were led and administered by David B. Hoopes, associate publisher, and Richard F. McLoughlin, advertising sales director, both in their 40s. Hoopes functioned primarily as an inside man, working on budgets, rate planning, meeting with production people on problems arising out of advertising (test marketing requirements, for example, or MUPAD complications),[5] conferring with Managing Editor Walter B. Mahoney, Jr., and others of the editorial staff on advertising page positions for issues coming up—trying to make sure that advertisers get the position they ought to have without undue conflict with editorial content.[6] McLoughlin was Hepler's Mr. Outside, supervising the national sales staff and sales-support activities.

Glimpses of Hepler's sales philosophy—the philosophy which gradually replaced the original notion that *RD* would "accept a limited number of advertising pages"—are to be found in this commentary by Hepler to the author:

> . . . Many reasons have been cited for the demise of the Saturday Evening Post and for the troubles Look and Life are having. And I would imagine that to try to simplify it as I am doing might be oversimplification, but in my mind it comes down to this: These magazines have failed to keep in touch with the American public.

[4] At the *Digest* and some other large magazines, the title "publisher" does not imply ownership or publication-wide authority. The publisher is the super advertising director. The title may help him get in to see more important advertisers and prospects than if he were known as the advertising director.

[5] Obviously there are substantial production, bindery and magazine-distribution problems if an advertiser is going to have advertising in, for example, Worcester, Massachusetts, for test-marketing purposes in one issue. A MUPAD is a Multiple Page Advertisement, Detachable.

[6] An example of an ad-placement decision to be settled by Hoopes and Mahoney would be not to schedule a tire ad for position in the middle of an article about tire blow-out deaths.

Of course, television has much to do with their problems, and there again they just could not recognize television as a powerful competitor and failed to adjust accordingly.

Also, their sales staffs became very complacent and had the attitude, "This account has been in the magazine for 20 years and we don't have to worry about it renewing." They got caught in many situations where they had no idea that they were going to lose the business, so I guess it goes to that old word "ASSUMED."

Another thing that has happened, and is happening, is that Life, Look and The Digest sales staffs did not recognize the new era of selling which is marketing oriented. No longer can you sell space on just the three martini lunch, a good slap on the back and a golf game because many of the young men moving into good positions have clients and agencies with marketing background and want to concentrate on marketing data. . . .[7]

Salesmen and What They Sell

By early 1972 *RD* had 50 full-time space salesmen working out of offices in New York City, Chicago, Detroit, Los Angeles, San Francisco, Minneapolis, Boston, Philadelphia, Pittsburgh and Atlanta. Salesmen's support included: a "marketing" staff charged with thinking up new ways in which the magazine might serve as an effective medium; a creative unit to help advertisers and agencies with copy; researchers to plan, obtain and disseminate statistical and other evidence favorable to the sales effort; a promotion section concerned largely with the sales department's direct-mail and publication advertising and with liaison with the magazine's own advertising agency, the largest one in the world, the J. Walter Thompson Company; a merchandising group to extend the value of ads in the *Digest*, as in "merchandising" an upcoming food-product campaign among executives of supermarket chains; specialists in agency and trade relations; and an organization of 35 men who would, for *Digest* advertisers, run surveys and do other field work at the jobber, wholesaler and retailer levels.

A fundamental part of the sales story was, understandably, that the *Digest* had more circulation by far than any other magazine in history: "Guaranteed average 17,750,000 U. S. paid;

[7] Letter to author, February 3, 1970.

member, Audit Bureau of Circulations."[8] Doesn't it make sense, the salesmen and promotion writers asked, to advertise in the best-selling, most-wanted magazine if you expect your product to be the best-selling, most-wanted product? In terms of United States households theoretically reached, and mixing apples and oranges, a *Digest* space salesman could point out that his magazine has a "Nielsen rating" of about 30 (with paid circulation equalling nearly 30 per cent of the nation's 62,000,000-odd television homes), topping all but a very few network television shows in the matter of homes reached.

In 1972 a full-color, process page—full national circulation—costs $61,765 before discounts; a two-page spread, $111,175; a cover gatefold (three-pages), $212,540; a mailable card along with one page of advertising, $168,295. Multiple-page advertising sections and detachable advertising inserts run into more money: $1,207,550 for a 40-page section, for example.

Not all of the eggs, however, are in the mass-circulation basket. Salesman have offerings for lower-budget advertisers, advertisers with specialized promotional interests, regional and test marketers, and those wishing to communicate with demographically selective audiences. To specify a few of the *Digest*'s "special units": "Demo-1, the top-income edition [reaching] one million able-to-buy families with a median income of $20,900" (four-color process page, $11,590); "System II, a computer-controlled national circulation of 8,875,000 homes that exactly parallels the national circulation—for less than $31,000 a page"; "Buy-Words from Carolyn Davis . . . Carolyn's highly persuasive, editorial-style advertising column lets advertisers reach all 17,750,000 *Digest* families in color . . . for 76 cents a thousand"; "Carolyn Davis Shopping Values . . . co-op couponing available monthly starting in March, 1972, at substantially lower cost than direct mail"; "Christmas Gifts, a major holiday promotion built around a special . . . section" ($32,725 for half page in four-colors, including a full-page promotional ad in newspapers with

[8] Circulations, national rates and descriptions of ad units are from *Reader's Digest* "National and Regional Advertising Rate Card No. 18, effective January, 1972, issue" and a January, 1972, promotion ad, "Media Inflation Attacked on All Fronts with Innovative *Digest* Offerings."

11,500,000 circulation); "Men's Dept. by Allan Scott . . . new shopping column aimed squarely at the *Digest*'s 20,000,000 men—for just $13,830" for a one-fifth-page unit; Patio Party, "a special section of unique summer recipes . . . with nationwide store tie-ins"; and an "Air Travel Program" in which "six major airlines and an airframe manufacturer jointly sponsor a 70-page, two-year advertising campaign . . . to get more people to fly."

Further flexibility and selectivity are available in the form of ten predetermined regional editions (the most expensive of which is the Great Lakes edition, at $17,016 for a four-color process page); ten predetermined major market editions (as small as Pittsburgh, circulation 255,000, $2,405); and test-market editions as small as the advertiser may desire, at rates based on higher costs-per-thousand than those of the major-market and regional editions.

'A Very Good Year'

What have been the results of that sales philosophy and those efforts? A reasonably current piece of evidence appeared in a promotion letter issued early in 1972 to advertisers and agencies by Richard F. McLoughlin, *RD*'s United States advertising sales director.

"1971 was a very good year," McLoughlin declared. "We closed the year with 1,114 pages of advertising, an increase of twelve per cent over 1970. Advertisers' dollar investment in the *Digest* was up fifteen per cent, making 1971 the biggest net revenue year in our history!"

That kind of brag-and-boast promotional copy is *de rigueur* in McLoughlin's line of work, the theory being that advertisers would rather place their appropriations in thriving media than in those on the verge of bankruptcy. But it also happens to be truthful. The present writer can confirm and add specifics to McLoughlin's letter: net ad revenue of the magazine's United States editions in 1971 was $48,890,026, which was indeed fifteen per centt higher than the 1970 figure of $42,521,957 and some ten per cent above USRD's previous annual record, $44,416,486

in 1969.[9] Those numbers are *net*, denoting money actually collected after agency commissions, discounts of other kinds and bad debts, if any.[10] Net advertising revenue from 1955 through 1970 is shown in Table 1.

As this manuscript nears completion it is clear that 1971 will not stand for long as the magazine's record year. McLoughlin

TABLE 1

Net Advertising Revenues, United States Editions Only, 1955-1970

Year	*Amount*	*Year*	*Amount*
1955	6,653,088	1963	41,380,400
1956	9,859,755	1964	40,768,300
1957	14,321,462	1965	43,774,185
1958	17,491,862	1966	42,351,147
1959	26,840,201	1967	38,006,617
1960	27,866,511	1968	44,299,275
1961	31,057,318	1969	44,416,486
1962	37,667,800	1970	42,521,957

reports, in fact, that advertising in the first six months of 1972 will be "up about six per cent in pages and nine per cent in revenue" from the same period in 1971.[11] Readers accustomed to the economics of daily or weekly publishing may wish to reflect on how that kind of revenue spreads over a monthly: more than $4,000,000 *per issue*, on the average.

Views of the Future

In some advertising-management and publishing circles these days it is said unequivocally that mass magazines are going if

[9] Since the *Digest* is privately owned, details of its financial performance are not ordinarily made public. An unassailable source provided the figures used here and in Table 1, below. Attribution by name would not be appropriate.

[10] Net advertising revenues are quite different from the gross figures calculated from time to time by the Publishers' Information Bureau. P. I. B. counts the ad pages and multiplies them by one-time card rates, ignoring discounts. Paul Thompson, while executive vice-president of the *Digest*, used to figure, as a rule of thumb, that net would be about 76 per cent of P. I. B.

[11] Letter to author, May 2, 1972.

not gone, and no exception is made for the most massive magazine of them all, *Reader's Digest*. Cited are *Life's* obvious unprofitability, *Look's* death in 1971, *The Saturday Evening Post's* in 1969 and that of *Collier's* in 1956.

A more moderately pessimistic view is that of Chris Welles, former business editor of *Life* and *The Saturday Evening Post*, who writes that "there is general agreement that the mass magazines are in trouble . . . not so much with their readers . . . but with their other constituency, advertisers."[12] Among the threats to mass magazines, according to Welles, are continuing advertising competition from television and special-interest publications and, coming to the print media within five years, a 142-per-cent increase in postal rates and a 100-per-cent increase in the price of paper.

RD's future is brighter than these observations would indicate, according to Charles D. Hepler, *Digest* publisher. "There will always be room for two or so really good mass-circulation magazines," according to Hepler. "Magazines that editorially keep in touch with the public, fulfill a need, are sold intelligently and in an up-to-date manner are bound to survive and prosper."[13]

[12] Chris Welles, "Can Mass Magazines Survive?" *Columbia Journalism Review* (July/August 1971), pp. 7-14.

[13] Letter to author, February 3, 1970.

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BEST COPY AVAILABLE

No. 1

Walter B. Emery, "Five European Broadcasting Systems." *August 1966*

No. 2

Eugene J. Webb and Jerry R. Salancik, "The Interview, or the Only Wheel in Town." *November 1966*

No. 3

James E. Grunig, "The Role of Information in Economic Decision Making." *December 1966*

No. 4

Linda Weiner Hausman, "Criticism of the Press in U. S. Periodicals, 1900-1939: An Annotated Bibliography." *August 1967*

No. 5

George Gerbner, "The Press and the Dialogue in Education." *September 1967*

No. 6

Peter R. Knights, "The Press Association War of 1866-1867." *December 1967*

No. 7

Elmer Davis, "Report to the President," edited by Ronald T. Farrar. *August 1968*

No. 8

Steven H. Chaffee and L. Scott Ward, "Channels of Communication in School-Community Relations." *September 1968*

No. 9

Walter Wilcox, "The Press, the Jury and the Behavioral Sciences." *October 1968*

No. 10

Don R. Pember, "The Smith Act as a Restraint on the Press." *May 1969*

No. 11

Joy Schaleben, "Getting the Story Out of Nazi Germany: Louis P. Lochner." *June 1969*

No. 12

Carter R. Bryan, "Negro Journalism in America Before Emancipation." *September 1969*

No. 13

George Gerbner, "The Film Hero: A Cross-Cultural Study." *November 1969*

No. 14

Steven H. Chaffee, Keith R. Stamm, Jose L. Guerrero and Leonard P. Tipton, "Experiments on Cognitive Discrepancies and Communication." *December 1969*

No. 15

Darwin Payne, "The Press Corps and The Kennedy Assassination." *February 1970*

(Continued on inside Back Cover)

BEST COPY AVAILABLE

No. 16

Elmer A. Beck, "Autopsy of a Labor Daily: The Milwaukee *Leader*." *August 1970*

No. 17

Jim A. Richstad, "The Press Under Martial Law: The Hawaiian Experience." *November 1970*

No. 18

Mary A. Gardner, "The Press of Guatemala." *February 1971*

No. 19

Robert L. Bishop and LaMar S. Mackay, "Mysterious Silence, Lyrical Scream: Government Information in World War II." *May 1971*

No. 20

Philip Palmgreen, "A Daydream Model of Communication." *August 1971*

No. 21

William E. Francois, "Evaluating Programmed News-Writing Instruction." *November 1971*

No. 22

David Gordon, "The 1896 Maryland Shield Law: The American Roots of Evidentiary Privilege for Newsmen." *February 1972*

No. 23

Karlen Mooradian, "The Dawn of Printing." *May 1972*

No. 24

Maxwell E. McCombs, "Mass Media in the Marketplace." *August 1972*

No. 25

John W. Garberson, "'A Limited Number of Advertising Pages.'" *November 1972*